

ASSEMBLY BILL

No. 365

Introduced by Assembly Member Ammiano

February 23, 2009

An act to add Sections 863.5 and 15000 to the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 365, as introduced, Ammiano. Financial institutions.

Existing law provides for the certification and regulation of state organized banks and credit unions by the Commissioner of Financial Institutions. Existing law prohibits a bank from imposing a charge on a savings account, as defined, or on a depositor for the failure of a depositor to deposit, or for the late deposit of, any agreed periodic installment deposit into that account. Existing law authorizes a credit union to assess charges for failure to meet punctuality obligations to the credit union.

This bill would prohibit a state regulated bank or credit union from imposing a nonsufficient funds or overdraft charge or fee that exceeds 20% of the amount of an overdraft loan, as defined, made by the bank or credit union.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 863.5 is added to the Financial Code, to
2 read:

1 863.5. (a) A bank shall not impose a nonsufficient funds or
2 overdraft charge or fee that exceeds 20 percent of the amount of
3 an overdraft loan made by the bank.

4 (b) For purposes of this section, “overdraft loan” means an
5 extension of credit by a bank to cover the amount by which a
6 customer’s account is overdrawn by a transaction of the customer.

7 SEC. 2. Section 15000 is added to the Financial Code, to read:

8 15000. (a) A credit union shall not impose a nonsufficient
9 funds or overdraft charge or fee that exceeds 20 percent of the
10 amount of an overdraft loan made by the credit union.

11 (b) For purposes of this section, “overdraft loan” means an
12 extension of credit by a credit union to cover the amount by which
13 a member’s account is overdrawn by a transaction of the member.